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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 000254

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EUR/NCE FOR MARK TURNER, USEU FOR LORELEI SNYDER,  
DEPARTMENT FOR EUR/ERA

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TAGS: [ECON](#) [BU](#)

SUBJECT: EU MONITORING MISSION: PESSIMISTIC ABOUT  
BULGARIA'S PROGRESS

REF: A. A) SOFIA 0122

[B. B\) SOFIA 0168](#)

[C. C\) SOFIA 0229](#)

Classified By: DCM Alex Karagiannis for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: The European Commission Monitoring Team sent to Sofia to prepare a comprehensive report on Bulgarian reform efforts told us April 17 Brussels is increasingly frustrated with Bulgaria's lack of progress on judicial reform, organized crime and corruption. In a private meeting at the Embassy, the team said that, after a year of giving Bulgaria the benefit of the doubt, there is increasing will in Brussels to take a hard line with Sofia. The team cited lack of progress on party financing and vote buying, lack of convictions in more than a hundred gang-land killings and perceived Bulgarian attempts to hide problems from the Commission as evidence Bulgaria is not serious about reform. The Commission will send an additional team in May to follow up on organized crime and corruption issues. If no serious progress is made by then, our contacts tell us the Commission will try to convince the 26 other EU member states to support sanctions against Bulgaria, up to and including the freezing of additional EU funds and the non-recognition of Bulgarian court decisions. End Summary.

[1](#)2. (C) The four-member EU Monitoring Team visited Sofia April 14-17 in preparation for a comprehensive report that will be released in June. The report will determine whether Bulgaria is making sufficient progress in the areas of judicial reform, organized crime and corruption to avoid being slapped with safeguard clauses. Such sanctions could include the freezing of additional EU funds and/or the refusal to recognize Bulgarian court decisions. With the assistance of USEU, Embassy Sofia has established a close working relationship with the Commission offices drafting the report on Bulgaria. On April 17, the Commission representatives briefed us on their findings. Team leader Norbert Sagstetter, said that while the Commission was willing to give Bulgaria the benefit of the doubt in previous reports, the summer report will take a much harder line. Bulgaria's problem, he said, is one of "denial from top to bottom." He noted that while the mission had met Bulgarians committed to reform, there was "no ownership" of Bulgaria's problems among decision-makers. He cited lack of progress on party financing and vote buying, lack of convictions in the more than 130 contract killing cases in the last seven years, and the disarray of the Ministry of Interior as examples showing Bulgaria's lack of progress on reform.

[1](#)3. (C) Director General of Sweden's Ministry of Justice

Stefan Stromberg, who accompanied the monitoring mission as a technical expert, went further, saying what he saw in Sofia over the past week left him "depressed." In other countries, he said, officials cite problems and ask for advice. In Bulgaria, "officials do their best to hide the problems." Legal expert Magdalena Jagiello said the Bulgarian strategy of trying to cover up problems by submitting "incomprehensible and often irrelevant" data on everything from duty free shops to judicial reform is strengthening Commission backbone to stand up to Sofia. The Monitoring Team will return in May with "the EU's top experts" in organized crime and corruption. The report these officials draw up, she said, will be beyond reproach, lessening any chance that other member states will question the hard line the mission hopes to take with Sofia.

¶4. (C) At our urging, the Mission pushed Bulgaria on cash transaction reporting -- a loophole in Bulgarian anti-money laundering regulation that is high on our rule of law agenda (ref A). The commission representatives said if the issue is not fixed by the end of May, the loophole will be listed in the official EU monitoring report.

¶5. (C) Comment: While the Monitoring Mission members were talking tough this week, they will need to get the backing of 26 other member states to take what will be unprecedented action against Bulgaria. With the stream of bad news coming out of Sofia, including the allegations of fraud related to pre-accession funding (ref B) and the recent MOI scandal which exposed the close ties that exist between government officials and organized crime figures (ref C), it may be getting easier for the EU to take a harder line. It is still a huge political step. If the EU acts boldly, the toughest sanctions could involve non-recognition of Bulgarian court

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decisions. More likely, the Commission will decide to freeze additional EU funds. This would carry the greatest weight among average Bulgarians, who still feel quite distant from Brussels institutions, but know by heart the sum (7 billion euros) Bulgaria is supposed to receive in EU funding over the next several years. End Comment.

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